



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Dan McFadden

**SUBJECT: HP PAVILION AT SAN JOSE  
CAPITAL BUDGET  
RECOMMENDATIONS**

**DATE:** May 15, 2007

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Approved

/s/

Date 05/15/07

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## **RECOMMENDATION**

It is recommended that the City Council approve the attached HP Pavilion Capital Repairs and Replacement Budgets for 2007-2008 as submitted by the San José Arena Authority Board of Directors.

## **BACKGROUND**

In accordance with the agreement between the City of San José and the San José Arena Management (Silicon Valley Sports and Entertainment), the Capital Repairs and Replacement budget for 2007-2008 is presented to the City Council for approval. This budget is supported by the existing Arena Capital Reserve Fund that was established for this purpose. Over the last several years, both the City and Silicon Valley Sports and Entertainment (SVSE) have made contributions to the Arena Capital Reserve Fund per the agreement.

## **ANALYSIS**

The San José Arena Authority Board of Directors reviewed and recommends that City Council approve the annual capital budget for 2007-2008. Lists of the individual capital improvements recommended are attached for your reference. For 2007-2008, the normal capital repairs and replacements budget totals \$473,500. An additional \$16,500,000 proposed for capital enhancements, were approved separately by the City Council on May 8, 2007.

The Arena Capital Reserve Fund has sufficient funding to support the normal capital repairs and replacements proposed for 2007-2008. After these costs are taken into consideration and with conservative revenue and expenditure projections, the remaining balance in this fund at the end of 2007-2008 is projected at \$800,000. SVSE has also developed a preliminary five-year plan for normal capital repairs and replacements at the HP Pavilion. With the projected contributions

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from both the City and SVSE over this period, the Arena Reserve Fund will be able to fully fund the projected improvements necessary at the HP Pavilion over the next five years.

### **COORDINATION**

Staff from the San José Arena Authority, SVSE, and the City have coordinated to present this budget as part of the City's annual budget process.

/s/

Dan McFadden

Deputy City Manager

Attachment

# HP PAVILION AT SAN JOSE

## Capital Budget Recommendations for 2007-2008

	<b>2007-2008 Budgeted Amount</b>
<b>Normal Capital Repair/Replacement</b>	
Replace carpet in ticket office, visitor locker rooms, and press rooms	85,000
Replace original rider scrubber (cleaning equipment)	65,000
Replace concrete on exterior walkways	20,000
Replace interior panels in elevators	5,500
Replace mirrors in restrooms	10,000
Replace sheaves on cables to scoreboard	12,000
Replace four ice machines	15,000
Replace washing machine in laundry room	13,000
Repair air conditioning chillers - items found during annual vibration analysis	8,000
Repair brine chillers - items found during annual vibration analysis	11,000
Replace building automation system equipment no longer supported by vendors	55,000
Replace three variable speed drives on pumps (HVAC)	15,000
Install cameras and monitors in various locations around building (8)	45,000
Replace plexiglass around hockey rink	24,000
Replace zamboni (original ice resurfacer)	70,000
Unanticipated Repairs	20,000
<b>Total Normal Capital Repairs and Replacements</b>	<b>473,500</b>
 <b>Capital Enhancements*</b>	
Replace center hung scoreboard used for building events	4,950,000
Replace monochrome and backlit display panels on the fascia of the upper seating area with new LED color display	2,700,000
Replace original main sound system in seating area	1,500,000
Redesign interior steel support structure to allow higher weight loads to be hung	1,600,000
Replace equipment in control room to support HD broadcast and new scoreboard capability	3,000,000
Consultant and contingency for 2007-2008 capital enhancement projects	1,750,000
Design and install acoustic improvements throughout seating area	1,000,000
<b>Total Capital Enhancements*</b>	<b>16,500,000</b>
 <b>Total 2007-2008 Proposed Capital Budget</b>	 <b>16,973,500</b>

\* Approved separately by the City Council on May 8, 2007 to be funded by Arena Management and the City of San José.